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January 16, 2008

Hon. Steven W. Williams, Secretary  
Postal Regulatory Commission  
901 New York Avenue NW, Suite 200  
Washington, D.C. 20268-0001

Dear Mr. Williams:

In response to expressions of interest in the results of demand analyses which incorporate volume and price data from FY 2007, the Postal Service is providing the enclosed two CD-ROMs. The contents of these CD-ROMs update the demand analyses for categories of domestic mail and services presented by postal witnesses in Docket No. R2006-1, using the more recent (i.e., through Quarter 4 of FY 2007) volume and price data. In addition, demand analyses relating to certain international mail services are also included. The international materials have no direct counterpart in the Docket No. R2006-1 testimonies, as demand analyses for international mail categories were never provided by postal witnesses in omnibus rate cases.

The first CD-ROM provides materials relating to mail categories which fall into the Market Dominant domain, while the second CD-ROM provides materials relating to mail categories in the Competitive domain. In general, the Postal Service maintains its position that materials relating to Competitive categories of mail are internal documents of a commercially sensitive nature that under good business practices should not be disclosed publicly. Accordingly, the Postal Service requests that the Commission withhold all of the materials within the Competitive CD-ROM from public disclosure. On the other hand, the materials presented within the Market Dominant CD-ROM are appropriate for public disclosure.

If you have any questions or concerns about the Postal Service's position on disclosure of any information provided today or subsequently, please contact me. As in the past, the Postal Service expects that any FOIA request for the records and information provided at this time will entail consultation between the Postal Service and the Commission, before any records are made publicly available. This approach accords with Department of Justice guidance and with our understanding of the Commission's current policy regarding such requests, which I described in my letter to you dated March 15, 2002.

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Each CD-ROM contains four sets of materials. The first set consists of a Word file describing each of the demand equations, and presenting equation outputs. The second set consists of a Word file describing the changes made in the regression estimation procedures since Docket No. R2006-1. (The "change document" also includes a section explaining how to read and interpret the printouts of the equation outputs presented in the first set of materials.) The third set consists of a Word file presenting a series of equation output tables which match the format used within the text of the direct testimony of witness Thomas Thress (USPS-T-7) in Docket No. R2006-1. The fourth set consists of zipped files containing input data and regression programs, along with Word files (one for domestic, one for international) which explain how the data and program files are organized.

A fifth set of materials appears only on the Market Dominant CD-ROM. This consists of a Word file containing the data dictionary. While the data dictionary is generally as applicable to Competitive categories as to Market Dominant categories, there seemed no reason to replicate the exact same file in two places. Thus, the data dictionary appears once, where it will be available to all.

Sincerely,

R. Andrew German

Enclosures